

THE CITY OF STREETSBORO, OHIO

FINANCE COMMITTEE MINUTES

Monday, May 18, 2020

This Finance Committee Meeting was called to order on Monday, May 18, 2020 at 7:01 p.m. by Justin Ring, Chairman. Mrs. Field gave an invocation and then Mr. Ruediger led the Pledge of Allegiance.

PRESENT: Jon Hannan, Chuck Kocisko, Mike Lampa, John Ruediger, Justin Ring, Jennifer Wagner, Julie Field [all by Zoom video conferencing]

ABSENT: Mayor Broska

ALSO PRESENT: [by Zoom video conferencing:]
Frank Beni, Law Director
Rob Reinholz, Fire Chief
Darin Powers, Police Chief
Jenny Esarey, Finance Director
Bill Miller, Service Director
John Cieszkowski, Planning Director
Patrick O'Malia, Economic Development Director
Greg Mytinger, Parks and Recreation Director
Shawna Lockhart-Reese, HR Manager
Mo Darwish, GPD Group
Jason Nolde, GPD Group Truck Garage Project Manager
Caroline Kremer, Clerk of Council

Disposition of Minutes

None.

Monthly Financial Report

Ms. Esarey said the April financial reports had been distributed to Council. As of the end of April Salary and Wages were on track. General Fund expenses including encumbrances were above target at 37%, Total expenses were also above target at 47% but that included the large expenditure for the new fire station, General Fund revenue was slightly above target at 34%, and the Total revenue was above target at 46% but that included the fire station bond anticipation note (target was 33.33%).

Last week the City had received the May RITA advance and reconciliation. The withholding receipts were down. Delays were expected with regard to residential net profit, but the withholding was still required to be done. She hoped when businesses reopened the withholding would start to pick up a little bit. Comparing 2020 to 2019 April was down \$121,000 and May was down about \$439,000. With the ordinance that put 100% of the income tax revenue into the General Fund, the

City was actually a little above target, so the City could keep operating within the General Fund. She suggested waiting until the June advance to see where things stood before deciding whether to do the whole road program or a portion of it.

Mr. Ring asked if the revenue that was down in May was due mostly to the fact that income tax payments had been postponed from April 15 to July 15 this year. Ms. Esarey said that's correct but the City should monitor the withholding because the City was expecting a 2.5% increase, but it was actually down about 3.2%. She hoped when things opened it would go back up, but residential would be more when people started filing; there would be loss and delay and the City would need to balance it out. She was glad the reallocation of the income tax revenue kept money in the General Fund so the City could keep operating at close to normal levels.

Executive Session

Mr. Ring added an executive session to the agenda at the request of the Law Director. Mr. Hannan explained that as the host of the Zoom meeting, he had created break out rooms within Zoom and those participating in the Executive Session would be invited to join one break out session and the others would be invited to join the other break out session. When the Executive Session was done, he would invite everyone back into one meeting. The You Tube livestream would be stopped during the Executive Session and resume as Part 2 after the Executive Session.

MOTION: TO RECESS INTO EXECUTIVE SESSION TO CONSIDER PENDING LITIGATION AND ECONOMIC DEVELOPMENT.

Moved by Mr. Ruediger, seconded by Mrs. Field. Upon roll call, **motion carried unanimously and the meeting recessed at 7:08 p.m.**

MOTION: TO RECONVENE FROM EXECUTIVE SESSION.

Moved by Mr. Ruediger, seconded by Mr. Hannan. Upon voice vote, **motion carried and the meeting reconvened at 7:38 p.m.**

Old Business

Set Pay for Next Term of At-Large Council Members

Mrs. Kremer said this had been carried forward from last month. Council was deciding what level to set the pay for the next term of Council Members. At the last meeting she had included the Charter language regarding Council Compensation in the packet, at this meeting she had included the Codified Ordinances §121.07 language regarding Council Compensation for Council's review. Mr. Ring noted the Code language set the Council compensation at the minimum rate of compensation necessary to earn contributing service credit in the Ohio Public Employees Retirement System ("OPERS"), but the Charter required Council to fix the compensation at a specific amount. Mr. Ring wondered if the Council compensation could be set to flow with the OPERS rate which changed each year. Mr. Beni said section (c) of §121.07 said the dollar amount of compensation required by subsection (a) of this section will be fixed by resolution of Council in years in which there is a regular Municipal election, so that meant there needed to be a resolution by Council at the beginning

of the election year to set a dollar amount that was the minimum under OPERS. Mr. Ring was concerned that Council would have to pass a resolution every two years prior to each election to set the pay at the minimum OPERS level at that time. Mr. Beni said that's how it would be under the current Ordinance unless Council changed the Ordinance in the future, but Council could not give a raise during a term; a pay rate change could only take effect for the next election. Mr. Beni tried to research other City's that may tie the pay to an outside thing, but he didn't find any, but that didn't mean you couldn't do it. Mr. Ruediger commented that the Mayor's salary was not a set dollar number, but was tied to something else. Mr. Beni was of the opinion the City could write something like that for Council.

Mr. Ring said he wasn't on Council for the pay. He preferred all seven Council Members make the same pay, whatever level it was. The OPERS credit wasn't a factor for him or most of the Council Members who were not in a public sector job. He felt the next At-large Council term should have the pay set at the same level the Ward Council Members were currently at, whether it was full OPERS credit or not. Mr. Beni reminded Council that legislation to set the At-large Council pay could not be passed until after January 1; it had to be in the year of the election according to §121.07 subsection (c), so this discussion should be postponed until then.

MOTION: TO TABLE THIS ITEM UNTIL THE NOVEMBER 23, 2020 FINANCE COMMITTEE MEETING.

Moved by Mr. Ruediger, seconded by Mr. Lampa. Discussion in November would give Council time to decide what to pass in January 2021 for the next Council term. Ms. Esarey said in November she could provide the OPERS minimum earnable salary for one year of service credit, but the minimum OPERS amount could always change again. Upon voice vote, **motion carried**.

New Business

T-6844 Income Tax Sharing w/Schools for 2019

Council had received an updated version of T-6844 removing the reference to Ord No. 2004-34. Ms. Esarey had talked with Mr. Beni and they decided, after the school lawsuit, to not reference that ordinance in today's ordinance. Ms. Esarey had worked with the Streetsboro School District's Treasurer, C.J. Scarpino, and they had reviewed the information from the Portage Development Board and agreed to \$76,507.55. Best Buy and Delta System were the two companies that were relevant for the 2019 payroll year. There would be a budget amendment tonight to cover this.

Mrs. Field wondered if there was anything signed by the parties agreeing to this figure so no one would change their mind down the road. Ms. Esarey said there were emails and a phone conversation but no signed agreement. This figure was determined based on how it was calculated last year. She knew that the School District's attorney and the School Superintendent were included in the emails and knew the amount so she didn't see any issues with it.

MOTION: TO MOVE T-6844a [the amended version presented tonight] TO TONIGHT'S REGULAR COUNCIL MEETING.

Moved by Mr. Hannan, seconded by Mrs. Field. Upon voice vote, **motion carried.**

T-6845 Amend Ord. No. 2019-129 for ODOT SR 43 Paving Change Order

Ms. Esarey said the City had received an email from ODOT. As ODOT was doing the SR 43 resurfacing project they found widening joints that needed repaired and that had not been in the original budget, so the agreement approved last year needed amended for the additional cost. The City was responsible for 20% of the total project difference. The additional amount of \$8,800 was also included in tonight's budget amendments.

MOTION: TO MOVE THIS TO TONIGHT'S REGULAR COUNCIL MEETING.

Moved by Mrs. Field, seconded by Mr. Ruediger. Upon voice vote, **motion carried.**

T-6846 Adjust Certain Funds to Correct Errors in Receipts from Prior Years

Ms. Esarey said two items had come to her attention recently. One item was a check that had been posted as a water payment, but it was actually supposed to be for ambulance billing. So the first correction was to move \$94 out of the 501- Water Operating Fund and do the 60%/40% split for \$37.60 toward 101- General Fund and \$56.40 toward 402- Fire/Ambulance Improvement Fund. The other item had to do with the right of way for the new city-wide signalization system for a few parcels where the City and property owners could not come to an agreement and they had to go through the County court system. There was a check for right of way and one for filing fees and when the City got the reimbursement the entire check was put in the Capital Improvement Fund instead of splitting it between the Capital Improvement Fund and the General Fund, so this would correct that error by moving \$220.40 from the 401- Capital Fund to the 101-General Fund. She found this one when she was working on the asset report for the auditors. She had both of these items taken care of as part of the financial statement, but needed to have these changes on the cash books, so it needed to be authorized by Council.

Mr. Kocisko confirmed with Ms. Esarey that money could be moved from other accounts to the General Fund, which usually wasn't allowed, because these were errors that should not have been in those other accounts to begin with. And there was documentation to confirm all this.

MOTION: TO MOVE THIS TO TONIGHT'S REGULAR COUNCIL MEETING.

Moved by Mr. Ruediger, seconded by Mrs. Field. Upon voice vote, **motion carried.**

Discuss Changes to James P. Zupka Contract

Ms. Esarey explained that this was the last year of the multi-year contract the City had with James P. Zupka for annual audit services. Since this was initially bid, there had been some changes for new audit standards and this was for 8 additional hours of work, about \$592, to accommodate those new standards. Four hours to do additional testing for Ohio Sunshine Laws and STARS rating system and four hours due to GASB 75. This was also included as an increase tonight in the appropriation amendment being presented later this evening. She wanted to present this information for discussion tonight and have it moved to the next Council Meeting for approval as emergency legislation.

MOTION: TO MOVE THIS TO THE JUNE 8, 2020 REGULAR COUNCIL MEETING AS EMERGENCY LEGISLATION.

Moved by Mrs. Field, seconded by Mr. Hannan. Upon voice vote, **motion carried.**

T-6847 Award Bid for 10-Bay Service Garage

Mr. Darwish and Jason Nolde from GPD Group explained the job was designed and was bid and the lowest bidder was within 5% of the engineer's estimate. Mr. Nolde said when GPD started this project they were tasked with providing a service garage that would hold a minimum of 10 trucks and were provided with a budget of \$800,000 as an all-in number. So from there they tried to put as much as possible of what was requested during the design process as alternates so if the base project bids came in low they could add various additional scope items identified during the design process.

Mr. Nolde reviewed the spreadsheet he had provided [see attached]. The bids with the alternates recommended by the administration and value engineering possibilities and some owner provided items was over \$1,051,000. The bare bones low bid with no alternates was \$792,500 from Classical Construction. Since the cost with the requested alternates was above the budget, they looked into ideas to potentially lower the cost and listed some value engineering items, although some were not recommended they were included for future planning purposes for about \$40,000 of value engineering savings, for a total job cost of \$743,667. They recommended a 7.5% contingency as part of the owner furnished items. With no alternates, the value engineering possibilities and some owner furnished items the total job cost was \$830,899, which was within 2% of the \$815,000 that Ms. Esarey had indicated was budgeted for the project.

Mr. Ring felt an extra 33% (\$225,000) on top of what was expected was excessive, especially in the current pandemic/economic situation. Mr. Ring said when this was placed before the voters it was \$800,000 for a 10-bay garage with a pretty accurate estimate from GPD. He felt this discussion should have included all the alternates and their costs before it went to the voters, and then it could be whittled down, not the other way around. He didn't think it was wise to spend an additional \$100,000 for an 11th bay/wash bay and he felt the City should stick with the initial proposal of a 10 bay garage with maybe adding restrooms/showers that he felt were necessary. He realized the additional wash bay would cost more to add later than to include with the initial construction, but he was concerned about spending the additional money especially in this uncertain economy. Mrs. Field agreed with Mr. Ring. She thought it had been discussed that the \$800,000 would cover what was needed. If the City were to do this project, she wanted to do it right, so the City needed to find the balance of making sure it was what was needed and keeping to the budget the voters had approved. She was frustrated with this. She wanted Mr. Miller's input on these proposed alternates.

Mr. Ruediger asked for clarification on the two columns on the spreadsheet and why shower soap and paper towels would be included in construction costs. Mr. Nolde answered one column was with all the alternates, the other was without the alternates, and they were just trying to provide an all-in complete cost so the future shower supplies were listed. Mr. Ruediger felt column B without the alternates was close to the budgeted amount.

Mr. Lampa asked about the alternates for interior walls (\$17,000) and exterior masonry (\$46,000). Mr. Nolde clarified that without those alternates, the building would be a pre-engineering insulated building with metal siding and all roughed in for the additional alternate items so they could be planned for the future. The initial cost estimate presented to the voters was for a basic metal framed building. The exterior masonry option was a 2.5' high wainscoting around the building.

Mr. Hannan recalled that when presenting this to the voters, the City had tried to keep the levy amount as low as possible. Now in this current uncertain financial situation he recommended keeping to the basic 10 bay building and maybe using one of the bays as dual duty for a wash bay.

Mr. Miller said when this started the goal was 10 bays with the showers because there were no showers at the Service Department. The 11th bay was an option to wash the equipment and let the 10 storage bays stay clean, but the showers/restrooms were definitely needed and would need to be added at some point. Mr. Ring agreed the showers/restrooms in the new garage were a necessity, but wanted to approve the 10 bay garage without all the other alternates, even the exterior masonry was nice but not a necessity. Mr. Hannan commented that the City could do the alternates later down the road since the features would be roughed in, although it would be more expensive to add later and not as part of this initial construction.

Mr. Kocisko clarified that Mr. Miller had been a part of the discussions regarding the alternates to be added. Mr. Kocisko agreed with Mr. Ring and Mr. Hannan to stay with the basic 10 bay garage with a bathroom/shower, especially in the current economic situation, because in most all construction projects the contingency amount was usually spent. He felt this new garage was needed because the Service Department was as important to the City as the Police and Fire Departments.

Mr. Hannan said there had been good discussions with GPD, the administration, and a couple Council Members regarding the value engineering for the fire station and he wished there could have been similar discussions for this Service garage before this came to Council tonight. Mr. Ring agreed and felt the wish list items should have been presented with costs earlier and then it could have been whittled down, instead of getting them this way. He wondered if there was a time limit for Council now that the bids had been received. Mr. Darwish said it was 60 days from the bid opening of April 17, 2020, but the City could probably request an extension.

Mr. Ring suggested this item be forwarded to the next meeting night with a Special Finance Committee Meeting added because he wanted to see a cost analysis with only the restrooms and showers added and none of the other alternates. The City had bonded \$815,000 and anything beyond that would be out of the City's pocket. Ms. Esarey had prepared a budget amendment today but could do another budget amendment once the actual amount was determined. Mr. Ring was not comfortable passing a budget amendment tonight that was not accurate.

Mr. Kocisko said Council needed to get involved earlier in these types of issues. He was concerned because there may be more financial issues upcoming.

Mr. Miller agreed there was a lot of confusion on this issue and anything moving forward should include the bid fees, etc. in the total price. He added that this garage was just one of the projects the Service Department needed and he wanted to see a whole City-wide master plan of projects for all the departments be put together as a set plan to be followed to fulfill all the departments' needs over the next several years. Mr. Ring agreed it would be nice to have that type of planning and he supported the administration creating the plan, but financially the projects might be put on hold until later.

Mr. Hannan said when this first started he and Ms. Laudato had visited the Service Department facility and found the current storage facility over crowded. The Service Department had determined that the minimum needed to make their space safe and workable was a 10 bay garage. Mr. Hannan felt bad that the City could not do all the alternates, but a 10 bay garage would help protect the current equipment and make the Department more functional. He added that at least some money was added to the levy for this garage, otherwise, in this current economic environment, the Service Department would not get anything.

Mr. Ring asked GPD to provide an updated cost analysis with the basic 10 bay garage with the restrooms and showers for the next meeting. A lot of the other features would be roughed in to be added later if funds ever because available.

MOTION: TO ADD A SPECIAL FINANCE COMMITTEE MEETING TO JUNE 8, 2020 FOR T-6847 AWARD BID FOR 10-BAY SERVICE GARAGE.

Moved by Mr. Ruediger, seconded by Mr. Kocisko. Upon voice vote, **motion carried.**

MOTION: TO INCLUDE A BUDGET AMENDMENT AT THE SPECIAL FINANCE COMMITTEE MEETING ON JUNE 8, 2020.

Moved by Mr. Ruediger, seconded by Mrs. Field. Upon voice vote, **motion carried.**

T-6848 Modify Health Insurance Contract

Mrs. Lockhart-Reese said this was an option for an agreement with Medical Mutual to reduce the City's premiums for the C Plan. It was cost sharing and there was an opportunity to save up to \$100,000 (\$9,000/month) in premium. The City would pay a maximum of \$2,000 for every single person under Plan C and a maximum of \$4,000 for any family under Plan C. The City was taking on some additional risk, but it reduced the health insurance premium and also reduced the paid claim experience which affected the next years' renewal rating. If the City participated in cost sharing it would reduce the dollars paid by Medical Mutual which could lower the insurance renewal premiums for the following year. The risk was \$174,000, with a premium savings of \$109,000, so the maximum risk was \$64,920, which the administration did not feel was that significant. She noted that less than 50% of those in Plan C filed for reimbursement under the HRA, so it was a potential saving of at least \$22,000. This was an option the broker presented as a way for the City to save some money in the current economic conditions. It would be a one year contract and there were no administrative fees. Mr. Ring and Mr. Kocisko supported this savings proposal.

MOTION: TO MOVE THIS TO TONIGHT'S REGULAR COUNCIL MEETING.

Moved by Mr. Ruediger, seconded by Mr. Kocisko. Upon voice vote, **motion carried.**

T-6843 Amend 2020 Annual Appropriations [#6]

Ms. Esarey said the City had received about \$7,993 from the CARES Act for stimulus relief on April 17, 2020 based on Medicare charges for 2018. The money would be used for covering some of the increased costs in the Fire Department. The City had received \$260,172 from BWC for the 2018 policy rebate/employer premium refund and that was included in this budget amendment. The City's share for the ODOT resurfacing project change order just authorized [T-6845] was also included in this budget amendment.

There were three lines with the same amount (\$236,887) relating to the 10-bay Service garage that could be removed from this Exhibit since Council was looking to get updated figures at the June 8, 2020 meeting: 401-91-4191 Transfer In, 101-51-5911 Transfer Out, and 401-51-5725 Service Garage-New.

MOTION: TO REMOVE THOSE THREE LINE ITEMS REGARDING THE 10-BAY SERVICE GARAGE FROM TODAY'S EXHIBIT.

Moved by Mrs. Field, seconded by Mr. Hannan. Upon voice vote, **motion carried.** Ms. Esarey would provide an amended Exhibit in the morning.

MOTION: TO MOVE THIS TO TONIGHT'S REGULAR COUNCIL MEETING AS AMENDED.

Moved by Mr. Ruediger, seconded by Mr. Lampa. Upon voice vote, **motion carried.**

Citizens' Comments

None received.

Announcements

A Regular Council Meeting will immediately follow this meeting.

There being no further business to come before this Finance Committee, and upon motion by Mr. Ruediger, seconded by Mr. Hannan, this meeting adjourned at 8:38 p.m.

ATTEST:

Caroline L. Kremer, Clerk of Council

Justin Ring, Chairman